

COMMISSIONER OF SECURITIES AND INSURANCE  
MONTANA STATE AUDITOR'S OFFICE  
MCHA TESTIMONY

Good Afternoon:

Chairman McNutt and members of the House Appropriations Committee

For the record, my name is Carol Roy I work in the State Auditor's Office, Commissioner of Securities and Insurance. One of my duties is to attend the MCHA meetings.

The Montana Comprehensive Health Association (MCHA) was enabled by legislation passed in 1985. The MCHA has been offering health insurance to Montanans who otherwise could not buy coverage due to their health conditions since 1987. The MCHA has changed during this time to accommodate the needs of the state and its residents by first adding coverage for people who lose coverage from a job and then by offering coverage to working Montanans who are at or below 150% of the federal poverty level. We currently have 275 Montanans enrolled in the Premium Assistance Plan. The Premium Assistance Plan is the topic of HB34.

During past legislative sessions we requested sufficient funding to enroll 280 people in the Premium Assistance Plan and we received an appropriation of \$925,563. The full amount of these funds were transferred to the MCHA when billed. We enrolled people until we met our target population of 280. Since that time only 5 people have dropped their Premium Assistance Coverage.

The State Auditor's Office has received an appropriation to expend Tobacco Settlement dollars for a number of years. To my knowledge, the office has never been restricted to a percentage of the revenue.

Currently the State Auditor's portion of revenue is approximately 2.86%. As a result of the percentage restriction of 2.4%, the appropriation will be approximately \$148,011 less in FY12 which has a substantial effect on Montanans. The 2.4% was calculated on an average of the last 6 fiscal years expenditures. The issue with this calculation is that it affects Montanans who are already receiving the benefit. This translates to a reduction of coverage for at least 45 people. If this amount needs to be applied to FY11 at this time, in addition to FY12 and 13, we probably will need to disenroll 90 people. There are 10 children under age 18 who could probably qualify for CHIP and some others will qualify for Medicaid at a higher cost to Montana.

The MCHA has insurance contracts in place and was obligated to pay the subsidies until the MCHA Board could take action and provide the appropriate notice to enrollees. By the time this bill becomes law, the MCHA takes action and notifies the impacted enrollees, it will be July 1, the beginning of FY12.

Thank you Mr. Chairman for the opportunity to provide information. We will be available for questions.